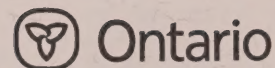


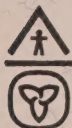
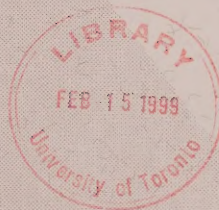
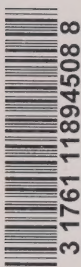
CA2 ON
HO 300
- A56

Government
Publications



ONTARIO HOUSING CORPORATION

ANNUAL REPORT 1997



Ontario Housing Corporation
An agency of the Government of Ontario

Ministry of
Municipal Affairs
and Housing

Office of the Minister

777 Bay Street
Toronto ON M5G 2E5
Tel (416) 585-7000

Ministère des
Affaires municipales
et du Logement

Bureau du ministre

777 rue Bay
Toronto ON M5G 2E5
Tél (416) 585-7000



**TO THE LIEUTENANT GOVERNOR
OF THE PROVINCE OF ONTARIO**

MAY IT PLEASE YOUR HONOUR:

For the information of Your Honour and the Legislative Assembly, we have the privilege of presenting the Annual Report of the Ontario Housing Corporation for the calendar year 1996.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Al Leach".

Hon. Al Leach
Minister of Municipal Affairs and Housing

Ontario Housing
Corporation

777 Bay Street
Toronto ON
M5G 2E5
416/585-6518
Fax: 585-7617

Société de logement
de l'Ontario

777 rue Bay
Toronto ON
M5G 2E5
416/585-6518
télécopieur: 585-7617



**TO THE HONOURABLE AL LEACH,
MINISTER OF MUNICIPAL AFFAIRS AND HOUSING**

MINISTER:

On behalf of the Board of Directors, I am pleased to present the Annual Report and Statement of Accounts of the Ontario Housing Corporation for the year ending December 31, 1997.

Respectfully submitted,

William McMillin Carson
Chair, Ontario Housing Corporation



Digitized by the Internet Archive
in 2024 with funding from
University of Toronto

<https://archive.org/details/31761118945088>

REPORT FROM THE CHAIR OF THE BOARD

BOARD OF DIRECTORS AS OF DECEMBER 31, 1997

Chair:	William McMillin Carson	
Vice-Chair:	Carol M. Reid	
Members:	Susan Black	Chuck Giles
	Sam Ciccolini	Joan Gullen
	Shailesh Dudani	David Hulchanski
	Barbara J. Garcia	Alex Yeung

The Ontario Housing Corporation (OHC) and its agents, the 54 housing authorities, collectively administer and manage the province's 84,000 units of public housing.

The challenge for the Ontario Housing Corporation board of directors in 1997 was to oversee the management of its portfolio while planning for the transfer of funding and administration of social housing to municipalities. Priorities included putting a new emphasis on portfolio management and continuing to provide quality service to tenants.

OHC continued its efforts to reduce the cost of public housing subsidies during 1997. The average subsidy cost per unit per month for OHC public housing was \$232, down from \$254 in 1995.

OHC undertook an extensive review of its housing stock during the year. The results showed that the buildings are generally in good condition. To ensure that sound management of the housing stock continues, capital repair projects were approved based on a priority formula.

The corporation invested \$106 million in capital projects for existing buildings, including \$42 million allocated in the 1997 provincial budget. The additional funds enabled the corporation to maintain and upgrade the condition of its stock by speeding up some long-term capital projects.

In January 1997, the government announced plans to transfer the funding and management of social housing to municipalities. The minister of Municipal Affairs and Housing also appointed an advisory council on social housing reform in June, of which I was appointed facilitator. The advisory council's mandate was to make recommendations for improving the social housing system.

The advisory council reviewed the existing social housing system and determined where changes were required. Its focus was on developing a mechanism to improve the financial relationship between governments and the organizations that operate social housing. The council proposed reforms to how the social housing system is funded; recommended redefined roles and responsibilities of social housing for housing providers and governments; and suggested harmonization of OHC with other social housing programs.

The advisory council also recommended creating a public housing working group with representatives of OHC, local housing authorities and municipalities. This working group would test the feasibility of the council's reform proposals. The minister accepted the council's recommendations in principle.

Other highlights of the year included a new tenant selection system and a process to enable housing authorities to measure performance.

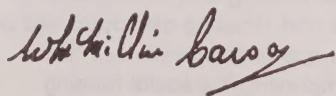
The new tenant selection system will take into account how long an applicant has been on the waiting list for housing. OHC organized several regional workshops to assist with the transition from the previous to the new tenant selection system. More than 225 housing authority and ministry representatives attended these workshops.

OHC established a local housing authority benchmarking team to help measure performance. Through benchmarking, local housing authorities could identify opportunities to re-engineer, restructure and change business practices. This would help reduce costs and improve customer service.

In 1997, OHC began negotiations with a private sector developer for the redevelopment of North Regent Park in downtown Toronto. The proposed redevelopment is for the replacement of 163 existing public housing units at North Regent Park, construction of additional new housing and reintegration of the site with the adjacent community. Negotiations were still ongoing at year's end.

In conclusion, 1997 was a year of significant transition, progress and accomplishment as the corporation moved towards better business practices.

A special thanks to all the board members for their hard work, including those whose terms of office expired at the end of the year -- Barbara J. Garcia, Chuck Giles, Joan Gullen, David Hulchanski, and Alex Yeung. Finally, I would like to thank all housing authority and OHC staff for their professionalism and energy during these times of major change.

A handwritten signature in black ink, reading "William McMillin Carson". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

William McMillin Carson
Chair



Box 105, 15th Floor, 20 Dundas Street West, Toronto, Ontario M5G 2C2
B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To the Ontario Housing Corporation
and to the Minister of Municipal Affairs and Housing

I have audited the balance sheet of the Ontario Housing Corporation as at December 31, 1997 and the statement of operations for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1997, and the results of its operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements.

A handwritten signature in black ink, appearing to read 'Erik Peters'.

Toronto, Ontario
April 22, 1998

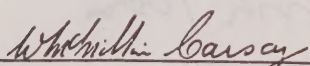
Erik Peters, FCA
Provincial Auditor

ONTARIO HOUSING CORPORATION
Balance Sheet
As at December 31, 1997

	1997	1996
	(thousands of dollars)	
ASSETS		
Investments in Properties (note 3)	1,172,526	1,211,683
Mortgages and Loans (note 4)	28,961	30,440
Amount due from Province of Ontario	122,982	111,059
Accounts Receivable	9,028	7,053
	1,333,497	1,360,235
Non-Profit Housing Fund (note 5)	1,359,464	1,377,135
	2,692,961	2,737,370
LIABILITIES		
Long-Term Debt (note 6)	1,019,812	1,055,727
Accounts Payable and Accrued Liabilities (note 7)	115,323	103,975
Bank Indebtedness	3,435	875
	1,138,570	1,160,577
Non-Profit Housing Fund (note 5)	1,359,464	1,377,135
CONTINGENT LIABILITY (note 14)		
EQUITY		
Contributed Surplus (note 8)	194,927	199,658
	2,692,961	2,737,370

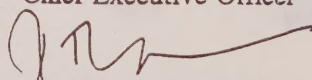
See accompanying notes to financial statements.

On Behalf of the Board:


 Chair


 General Manager


 Chief Executive Officer


 Treasurer

ONTARIO HOUSING CORPORATION
Statement of Operations
For the Year Ended December 31, 1997

	1997	1996
	(thousands of dollars)	
HOUSING OPERATIONS		
Assisted Housing (note 9)		
Rental Revenue	306,656	302,516
Expenses		
Property Operating Expenses	311,711	301,621
Capital Repairs & Improvements	107,130	80,662
Grants in lieu of Municipal Taxes	120,203	119,365
Amortization (Principal and Interest)	108,165	108,345
	647,209	609,993
Net Operating Cost of Assisted Housing	340,553	307,477
Rent Supplement (note 10)	118,782	124,462
	459,335	431,939
Less: Canada Mortgage and Housing Corporation share	227,429	211,633
	231,906	220,306
Provincial Contributions to Municipal Housing (note 11)	22,117	20,933
Rural and Native Housing (note 12)	7,871	8,015
Recovery of Amortization (Principal and Interest)	(20,750)	(20,295)
PROVINCIAL SHARE OF OPERATING COSTS OF HOUSING OPERATIONS	241,144	228,959
FUNDS PROVIDED BY THE PROVINCE OF ONTARIO	241,144	228,959

See accompanying notes to financial statements.

NATURE OF OPERATIONS

The Ontario Housing Corporation is an agency of the Ministry of Municipal Affairs and Housing and is established under the *Ontario Housing Corporation Act*. It is funded through rental income from tenants and subsidies from the Provincial and Federal Governments. The Corporation together with its agents - the 54 Local Housing Authorities - manage the Province's extensive public housing portfolio. Housing is provided to low income households based on need. Eligible tenants pay rent based on income rather than on the size or type of housing provided.

The Corporation is the largest landlord in Ontario, owning approximately 84,000 public housing units; providing rent supplement payments for approximately 21,000 units within private, non-profit and cooperative rental housing buildings; and providing subsidy to approximately 15,500 units within the Metro Toronto Housing Company Ltd. and to approximately 3,200 units in rural and native areas of Ontario.

1. SIGNIFICANT ACCOUNTING POLICIES

The following summarizes the significant accounting policies used in preparing the accompanying financial statements:

- i) The Corporation uses the accrual method of accounting.
- ii) Capital funds provided by the Province of Ontario for Investments in Properties are not repayable and are therefore recorded as Contributed Surplus. However, to reflect the full costs of operating the properties, relevant amortization charges (principal and interest) are imputed and included in the Net Operating Cost of Assisted Housing. Such amortization is offset by a credit to Recovery of Amortization in the Statement of Operations.
- iii) Land and buildings held as investments in Provincial and Federal-Provincial properties are amortized on a basis equal to the reduction of the corresponding long-term debt. For the provincial portion of such investments, the reduction is made to Contributed Surplus.
- iv) Capital Repairs and Improvements and furniture and equipment purchases are expensed in the year incurred.

2. SELF-INSURANCE

The Corporation follows the policy of self-insuring its Provincial and Federal-Provincial properties for damages such as fire, water and vandalism. Costs of such repairs are charged to property operating expenses.

3. INVESTMENT IN PROPERTIES

The Corporation's investment in properties is as follows:

	1997	1996
	(thousands of dollars)	
(a) Provincial Housing	1,074,753	1,111,592
(b) Federal-Provincial Housing	12,202	12,690
(c) Rural and Native Housing	28,082	28,457
(d) Student Housing on Leased Land	54,916	55,862
(e) Other	2,573	3,082
	1,172,526	1,211,683

(a) Provincial Housing

This investment represents land and building costs of wholly-owned properties which are amortized over periods not exceeding 50 years.

	1997	1996
	(thousands of dollars)	
Cost	1,316,593	1,333,946
Less: Accumulated Amortization	241,840	222,354
Net Book Value	1,074,753	1,111,592

(b) Federal-Provincial Housing

Federal-Provincial properties are owned and operated on a partnership basis with Canada Mortgage and Housing Corporation. The balance represents the Corporation's share of land and building costs which are amortized over periods not exceeding 50 years.

	1997	1996
	(thousands of dollars)	
Cost	20,753	20,753
Less: Accumulated Amortization	8,551	8,063
Net Book Value	12,202	12,690

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1997

(c) Rural and Native Housing

These properties are owned and operated on a partnership basis with Canada Mortgage and Housing Corporation. The balance represents the Corporation's share of land and building costs which are amortized over periods not exceeding 35 years. The properties are managed by Canada Mortgage and Housing Corporation on behalf of the partnership - see note 12.

	1997	1996
	(thousands of dollars)	
Rental Properties	24,822	23,912
Lease to Purchase Properties	3,260	4,545
Net Book Value	28,082	28,457

(d) Student Housing on Leased Land

This investment represents building costs to provide student accommodation on land leased from 11 universities and colleges. These costs are being repaid semi-annually to the Corporation by the educational institutions over a 50 year period. When the costs are fully repaid, titles to the properties will be transferred to the respective institutions. The institutions retain the rental revenues and absorb the property operating expenses.

	1997	1996
	(thousands of dollars)	
Cost	67,873	67,873
Less: Educational Institutions' Equity	12,957	12,011
Net Book Value	54,916	55,862

(e) Other

	1997	1996
	(thousands of dollars)	
Leased Land, at cost	2,308	2,308
Land Inventory, lower of cost or estimated market value	265	774
	2,573	3,082

4. MORTGAGES AND LOANS

	1997	1996
	(thousands of dollars)	
Rural and Native Housing Program (See note 12)	26,072	27,501
Other	2,889	2,939
	28,961	30,440

5. NON-PROFIT HOUSING FUND

The Province of Ontario authorized the Corporation to borrow funds from the Canada Pension Plan Fund ("CPP") by the issuance of debentures. The funds borrowed were loaned as mortgages to non-profit housing corporations and universities and colleges to build, acquire or lease housing units under the Homes Now and Student Residences Programs.

These mortgages to non-profit housing corporations have been discharged and refinanced by the private lenders. Funds received from the discharged mortgages are loaned to the Province of Ontario.

As at December 31, 1997, the fund consisted of:

	1997	1996
	(thousands of dollars)	
Assets		
Cash	1,082	18,753
Loans to Province of Ontario	1,157,212	1,157,212
Mortgages		
Non-Profit Housing Corps.	1,760	1,760
Universities and Colleges	166,128	166,128
Interest Receivable	33,282	33,282
	1,359,464	1,377,135
Liabilities and Fund Balance		
Canada Pension Plan Investment Fund (CPP) Debentures	1,323,340	1,323,340
Interest Payable	33,282	33,282
Fund Balance	2,842	20,513
	1,359,464	1,377,135

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1997

The CPP funds were borrowed from 1989 to 1992 and are repayable 20 years from the date of issuance of the debentures. Interest is payable semi-annually at various rates based on individual debentures - weighted average rate of 10.3%.

Loans to the Province and mortgages to non-profit housing corporations and universities and colleges are repayable over periods not in excess of 20 years. Interest is calculated semi-annually at various rates based on individual loans and mortgages - weighted average rate of 9.0% (1996 - 9.0%). When the interest received from the Province is less than the interest payable on the related CPP borrowings, the Corporation receives an interest adjustment from the Ministry of Municipal Affairs and Housing for the difference.

Details of the transactions related to the fund balance are as follows:-

	1997	1996
	(thousands of dollars)	
Balance - Beginning of Year	20,513	19,228
Interest Earned	136,350	137,901
Interest Expense	(135,977)	(136,236)
Transfer to Ministry	(18,000)	0
Legal and Consulting Services	(41)	(262)
Refinancing Costs	(4)	(118)
Balance - End of Year	2,842	20,513

Interest earned includes \$102.2 million (1996 - \$102.2 million) on loans to the Province of Ontario and \$16.9 million (1996 - \$16.9 million) from the Ministry of Municipal Affairs and Housing as an interest adjustment for the difference between the interest rates on CPP borrowings and loans to the Province.

6. LONG-TERM DEBT

	1997	1996
	(thousands of dollars)	
Canada Mortgage and Housing Corporation	1,001,943	1,020,588
Other	17,869	35,139
	1,019,812	1,055,727

The Corporation borrows funds from Canada Mortgage and Housing Corporation and the private sector to finance investments in real property. Such borrowings are repaid in accordance with agreement terms over periods not in excess of 50 years. Interest is payable at various rates based on individual agreements - weighted average rate of 7.4% (1996 - 7.5%).

Principal repayments on the long-term debt are as follows:

	(thousands of dollars)
1998	20,163
1999	21,580
2000	23,139
2001	24,812
2002	26,608
Subsequent to 2003	903,510
	1,019,812

While the Corporation is indebted for capital funds borrowed in respect of investment in Provincial housing projects, the amortization charges (principal and interest) over the life of the projects are considered operating expenses under the cost sharing agreement with Canada Mortgage and Housing Corporation (CMHC). Under this agreement, CMHC contributes 50% of the amortization charges (principal and interest) and the Corporation absorbs the remaining 50%.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1997	1996
	(thousands of dollars)	
Canada Mortgage and Housing Corporation	24,271	37,994
Other	91,052	65,981
	115,323	103,975

8. CONTRIBUTED SURPLUS

	1997	1996
	(thousands of dollars)	
Balance - Beginning of Year	199,658	202,899
Capital Recoveries	(4,731)	(3,241)
Balance - End of Year	194,927	199,658

9. ASSISTED HOUSING

Under the assisted housing program, the Corporation owns (either wholly or in partnership with Canada Mortgage and Housing Corporation) rental properties and provides rent-geared-to-income accommodation to households in need. The management of the properties is carried out through a network of local housing authorities who act as agents of the Corporation. The net operating cost of this program is shared with Canada Mortgage and Housing Corporation.

10. RENT SUPPLEMENT

Under the rent supplement programs, the use of rental units is acquired from the private sector and from certain non-profit and cooperative housing groups and then rent-geared-to-income subsidies are provided to households in need. The subsidies represent the difference between the rent guaranteed to the landlord and the tenant portion of the rent. The costs for most of these programs are shared with Canada Mortgage and Housing Corporation.

11. PROVINCIAL CONTRIBUTIONS TO MUNICIPAL HOUSING

The Corporation provides funding to the Metropolitan Toronto Housing Company Limited towards operating costs for senior citizen apartment units.

12. RURAL AND NATIVE HOUSING

This program, administered by Canada Mortgage and Housing Corporation, provides subsidies for rental, lease to purchase and home ownership accommodation to families in rural areas. Rental, lease to purchase and home ownership payments are geared to owners' income. The expense represents the Corporation's share of the subsidy provided.

13. RELATED PARTY TRANSACTIONS

(a) Pension Plan

The Corporation provides pension benefits for substantially all its permanent crown employees through participation in two multi-employer pension plans, the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) established by the Province of Ontario.

The Ontario Public Service Employees' Union Pension Act, 1995 provided for a reduction of the employer's contribution to PSPF for each of the three years ending March 31, 1995-1997. For the Corporation's current fiscal year, the reduction for the three months ended March 31, 1997 was \$1.4 million (for the year ended December 31, 1996 - \$5.9 million).

The Corporation's net contribution to the PSPF and the OPSEU Pension Fund for the year was \$11.8 million (1996 - \$1.6 million) consisting of \$6.4 million for the current year's contribution and \$5.4 million for prior years' funding deficiencies. This amount is included in Assisted Housing - Property Operating Expenses and Rent Supplement in the Statement of Operations.

(b) Administrative Support Services

The Ministry of Municipal Affairs and Housing provides administrative support services to the Corporation. The charge for these services is based on the estimated time spent by Ministry staff on the Corporation's activities. The administrative support services charge included in Assisted Housing - Property Operating Expenses and Rent Supplement amounted to \$15.6 million (1996 - \$16.8 million).

14. CONTINGENT LIABILITY

The Corporation has entered into loan insurance agreements with Canada Mortgage and Housing Corporation (CMHC) pertaining to mortgage loans on projects funded under various non-profit housing programs administered by the Ministry of Municipal Affairs and Housing. Under these agreements, CMHC will insure mortgage loans made by lenders approved under the National Housing Act for the purpose of purchasing, improving, constructing or altering housing units. While the insurance is provided by CMHC, the Corporation is liable to CMHC for any net costs, including any environmental liabilities, incurred as a result of loan defaults on projects funded entirely by the Province, and must share any net costs incurred for loan defaults on projects funded jointly by CMHC and the Province. Any costs incurred by the Corporation will be reimbursed by the Ministry of Municipal Affairs and Housing.

As of December 31, 1997, there were \$5.6 billion (1996 - \$5.8 billion) of mortgage loans outstanding on provincially-funded projects and the provincial share of mortgage loans outstanding on jointly-funded projects was \$1.9 billion (1996 - \$2.0 billion). As the Province provides operating subsidies sufficient to ensure that all mortgage payments can be made when due, default is unlikely. To date, there have been no claims for defaults on insured mortgage loans.

15. DETERMINATION OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments are based on relevant market prices and information available at December 31, 1997. The fair value estimates are not necessarily indicative of the amounts that the Corporation might receive or incur in actual market transactions. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Since the investments in properties do not meet the definition of financial instruments, the fair value estimates below do not reflect the fair value of the Corporation as a whole.

It is impractical to determine fair values for mortgages and loans made under the Rural and Native Housing program because of the terms and conditions related thereto, including associated subsidies.

The fair values of amounts due from the Province of Ontario, accounts receivable, accounts payable and accrued liabilities, and bank indebtedness approximate their carrying values because of the short term maturity of these instruments.

The fair values of each of the Corporation's long-term debt instruments is based on the amount of future cash flows associated with each instrument discounted using an estimate based on debt instruments with similar characteristics. At December 31, 1997, the aggregate fair value of these instruments exceeded their aggregate book values by \$3.5 million.

Due to the nature of the assets and liabilities comprising the Non-Profit Housing Fund and the terms and conditions related thereto, the Corporation does not have any significant interest rate risk because the Corporation is reimbursed for losses arising from fluctuations in interest rates.

16. YEAR 2000 READINESS

The corporation is currently working to resolve the potential impact of the year 2000 on the processing of data sensitive information by the Corporation's computerized information system. The year 2000 problem is the result of computer programs being written using two digits (rather than four) to define the applicable year. Any of the Corporation's programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than 2000, which could result in miscalculations or system failures.

Based on preliminary information, costs of addressing potential problems are not currently expected to have a material adverse impact on the Corporation's financial position or results of operations in future periods. However, if the Corporation is unable to resolve such processing issues in a timely manner, it could result in a material financial risk.

Accordingly, the Corporation plans to devote the necessary resources to resolve all significant year 2000 issues in a timely manner.

In that regard, the Corporation has set aside \$393,000 in its 1998 budget for year 2000 information technology solutions and has confirmed that it is eligible for additional government funding to ensure its systems are year 2000 compliant. The Corporation has retained a consultant to review and revise all of its business applications to ensure they are year 2000 compliant. The Corporation also plans to address year 2000 compliance in other "smart systems" such as heating and elevator systems in residential buildings.

17. FUTURE OPERATIONS

As part of its "Who Does What" initiative, the government announced that funding and administration of social housing would be devolved to municipalities. This implied that the Corporation's role would disappear or be much reduced by the year 2000. However, devolution of administrative responsibility for social housing to municipalities is influenced by new agreements proposed by the Federal Government, and the negotiations on these agreements have not yet been finalized. As a result, options are being considered for alternate implementation scenarios, which could see a continued and/or expanded role for the Corporation. These would be interim arrangements until a new Federal-Provincial agreement allows full devolution. The timing for reaching this end-state is uncertain.

COPIES OF THIS PUBLICATION ARE AVAILABLE FROM:

Publications Ontario Bookstore
880 Bay Street, Toronto, M7A 1N8
Telephone: (416) 326-5300

Out-of-town customers except Ottawa call: 1-800-668-9938

In Ottawa, call (613) 238-3630 or, toll free 1-800-268-8758
Order copies via the Internet at <http://www.publications.gov.on.ca>

Telephone service for the hearing impaired is available
toll-free throughout Ontario at 1-800-268-7095

Disponible en français: Société de logement de l'Ontario
Rapport annuel 1997 (ISSN 1206-1166)

ISSN 1206-1158

For an electronic copy of this document, visit the Ministry of Municipal Affairs and Housing
web site at <http://www.mmah.gov.on.ca>



© Queen's printer for Ontario, 1998

